

EXPLAINED BY CARLISLE

THE SECRETARY ARGUES IN FAVOR OF
HIS NEW CURRENCY PLAN.

A HEARING BEFORE THE HOUSE COMMITTEE ON
BANKING AND CURRENCY--SOME POINTS NOT
CLEARED UP--CONTROLLER ECKELS
ALSO MAKES A STATEMENT.
[BY TELEGRAPH TO THE CHAMBER.]

Washington, Dec. 19.—Chairman Springer, of the Committee on Banking and Currency, today occupied the same seat that he filled as chairman of Ways and Means Committee in the LIIRD Congress, when he was exploiting his invention "popgun" tariff bills, the patent for which has since been infringed by the LIIRD Congress. The public interest in the question of currency legislation is so great that Chairman Springer wisely in obtaining the use of the spacious room of the Ways and Means Committee for the series of hearings that was opened today for the presentation of the views of the public on the subject of the "popgun" bills, submitted a plan for the hearing to explain and defend it. The room was crowded during the two hours and a half that he devoted to that purpose. He will appear before the committee again to-morrow. Chairman Wilson, of the Ways and Means Committee, and many other members of the House of Representatives, besides the members of the committee, were attentive listeners to the Secretary's report.

Secretary Carlisle's statements, as also were Señor Romero's, the Mexican Minister, and Herce White, a Thomas G. Shearman, of New-York. Mr. White, who is expected to address the committee tomorrow, sat near Chairman Spooner. On the day before, and before the afternoon sitting ended, he asked Controller Eckels a question, which seemed to cause the other some embarrassment. It was in effect whether, in his opinion, the Carlisle plan would furnish a current estimate of the country's needs, and whether the plan was sufficiently flexible to meet the demands of the country. The Controller avoided a direct answer.

Secretary Carlisle's statements were as clear and terse as his utterance usually are, but was apparent that he had not formed definite conclusions as to some details of his scheme, a fact in regard to some points suggested by members of the committee he was not ready to express decided opinions. Some of his statements and admissions were both important and significant, and it was apparent from the tenor of many of the questions addressed to him by mem-

bers of the committee, that several of them did not agree either with his conclusions or his opinions of the practical results of his plan. The questions also made it evident that the members differed as widely with one another as any of them did with the Secretary of the Treasury. This was especially true while the State bank feature of the scheme was under discussion. The friends of unconditional repeal of the State bank tax evidently regarded the proposed condition of repeal too stringent and onerous—"distastefully unfriendly to the State banks," as Mr. Cobb of Alabama, phrased it—while on the other hand the opponents of the double-headed system of currency advocated by Mr. Carlisle were ready to insist that under the proposed scheme legislation the State banks would have everything their own way, and National banks would cease to be banks of issue.

Secretary Carlisle took up successively and explained the several provisions of his scheme, dwelt upon the necessity of legislation which would not only provide a safe and flexible elastic currency, but also relieve the National Treasury from a part of the burden that now bears it down. Under a system that required a deposit of a bond worth \$12 or \$15 in the market to obtain \$30 of circulation elasticity was out of the question. The Secretary argued that his plan requiring the deposit of \$30 in legal-tenders

each \$100 notes issued to an amount not exceeding 75 per cent of a bank's paid-up and unimpaired capital, the creation and maintenance of a safety fund of 5 per cent of the total outstanding circulation of National banks, retaining the individual liability provision as to stockholders, and making the circulating notes a first lien on all the assets of the bank, would provide the safeguards necessary to protect noteholders and inspire confidence in the National bank notes issued thereunder. He also argued strongly against the requirements which compel National banks to keep a reserve on account of deposits, and Secretary Carlisle pointed out that in the past day, remarked that it was an open question whether such a reserve was necessary, but seemed to lean toward the affirmative side.

Secretary Carlisle pointed out that in the past provision had been made for the issue of notes on hand for issue to the banks when they are needed. In the summer of 1885, he said, currency was at a premium, and the Government had issued \$100 notes could be treated

The Secretary gave a full explanation of the safety fund provisions of his scheme, and showed that the Government had no intention of carrying out the original plan. In his scheme the Government is relieved of all responsibility on account of the redemption of the notes. In case a bank failed and the safety fund should be impaired or prove insufficient to redeem all its notes, the Government would have no responsibility. The Government would be the bank for reimbursement. Secretary Carlisle also strongly advocated the repeal of Section 9 of the act of July 12, 1882, to prevent the rapid expansion of circulation of the notes. The result would not be a danger would result from the repeal, and contended that

business and commercial interests of the country would always be wary, and the banks, with a keen regard for their own interests, would quickly respond. The sudden withdrawal of circulation of \$18,000,000 of National bank notes was made in 1882, he said, led to the passage of the act of 1890, but that extraordinary withdrawal was caused by a general misapprehension throughout the country of the meaning of Section 5 of the refunding bill that President Hayes vetoed.

SECURITY FOR THE NOTES.

In reply to a question by Mr. Hall, of Missouri, as to which plan—the Baltimore plan or the Caspary plan—would give the best security for the redemption of the notes of faithless banks, the Secretary replied that the security would be the same as far as the safety fund was concerned, that his plan also provided for a guarantee of each note by the total of each bank's assets.

posit of 30 per cent, which would be available for redemption purposes, and that under the Baltimore plan the Government would be liable for any deficit, while under his own plan the solvent banks would have to make good any deficit and the Government would be liable for the assets of the failed banks.

Mr. Johnson called attention to a statement made by some of the advocates of the Baltimore plan which showed that the total amount paid in taxes on circulation by National banks in 1890 was \$1,000,000. If the system would have been sufficient to redeem all the notes of failed banks, and would have left a balance of \$38,000,000. The Secretary replied that if the Government had not required the deposit of United States bonds for a secure payment of the notes the result might have been different, and he did not regard the argument as worthy of much consideration. He argued that the present system of currency and redemption of National bank notes would be enough to be reformed. Under its operations on an average 70 per cent of the redemption fund is actually in the Treasury.

THE PROCEEDINGS IN DETAIL.

Washington, Dec. 16.—Standing at the foot of a long table in the Ways and Means Committee room of the House this morning, Secretary Carlisle explained in detail to the Banking and Currency Committee the plan recommended by him for a new banking law. All of the fifteen members of the committee, including the fourteen—Messrs. Black, Bland, Caldwell, Cullum, Folger, Gresham, Harlan, Keim, Leach, and Pennington, of Pennsylvania; Haugen, of Wisconsin; and Kille, of Kentucky—were in their seats as early as 10 o'clock, the hour at which the he-